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ABSTRACT

This publication describes the student financial aid programs of the U.S. Department of Education and advises students about paying for college. It outlines things a student should ask about a college and how to obtain financial aid, whether grants, work-study, or loans. Chapters provide information on: (1) "Education after High School"; (2) "Paying Tuition and Other Costs"; (3) "Applying for Financial Aid"; (4) "Eligibility Criteria"; (5) "Important Deadlines"; (6) "Federal Pell Grants"; (7) "Campus-Based Aid Programs"; (8) "Stafford Loans"; (9) "PLUS Loans (Parent Loans)"; (10) "Stafford and PLUS Loan Questions"; (11) "Contacting Us"; (12) "Reducing the Cost of School"; and (13) "Taking the Next Step." (SLD)

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Funding Your Education 2002/2003

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U.S. DEPARTMENT OF EDUCATION

Student Financial Assistance

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Frequently Requested Telephone Numbers

General information about the federal student financial aid programs, assistance in completing the *Free Application for Federal Student Aid* (FAFSA), and information and technical assistance for *FAFSA on the Web* 1-800-4-FED-AID (1-800-433-3243)

TTY number for hearing-impaired individuals to call with any federal student aid questions 1-800-730-8913

To report fraud, waste, or abuse involving federal student aid funds 1-800-MIS-USED (1-800-647-8733)

Note: On page 13 you will find additional information on the services of the Federal Student Aid Information Center.

Useful Web Sites

Student Aid Home Page ..... www.ed.gov/studentaid

Government Services (Including Education) Available to Students ..... www.students.gov

College Search Based on Various Criteria ..... www.nces.ed.gov/ipeds/cool

Funding Your Education ..... www.ed.gov/prog_info/SFA/FYE

The Student Guide ..... www.ed.gov/prog_info/SFA/StudentGuide

FAFSA on the Web ..... www.fafsa.ed.gov

Help Completing the FAFSA ..... www.ed.gov/prog_info/SFA/FAFSA

Federal School Codes (used to complete the FAFSA) ..... www.ed.gov/offices/OSFAP/Students/apply/search.html

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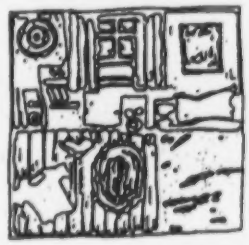
Education After High School



Note: When we refer to "school" in this publication, we mean a two- or four-year public or private educational institution, a career or trade school.

Are you considering education beyond high school? It's a big investment of time, money and effort, so you should carefully evaluate the school you're considering. Choosing the school you'll attend is one of the most important decisions you need to make. Another is how you're going to pay for your education. To help you and other students, the U.S. Department of Education offers a variety of student financial aid programs, which this publication describes.

It's up to you to check out a school. Just because a school participates in the federal student financial aid programs does not mean we have endorsed the quality of the education the school offers. We do not approve a school's curricula, policies, or administrative practices, except as they relate to how the school operates the federal student financial aid programs.

What questions should I ask a school?

Some of the basic questions you should ask when considering a college or career school are:

- Does the school offer the courses and type of program I want?
- Do I meet the admissions requirements?
- Does the school offer a high quality education at a reasonable price?
- Does the school offer services I need and activities I'm interested in?
- What are job placement rates for students who have recently graduated?

Most of this information is covered in a school's catalog or in its introductory brochures. Make sure you get these from schools you're interested in attending. Also, the reference section of your local library has many books that provide information about colleges and career schools.

You can also find a lot of information on the Internet. Many colleges and career schools have Web sites. If you know someone who attends or attended a school you're considering, ask that person his or her opinion of the school.

You should ask about the school's accreditation, licensing, student loan default rate, and campus security.

- Find out the school's loan default rate (the percentage of students who attended the school, took out federal student loans, and later failed to repay their loans on time). You might not be able to get aid from some of our programs at a school that has a high default rate.
- Get a copy of the school's campus security report. The campus security report provides information on the school's campus security policies and campus crime statistics. Schools must publish a campus security report every year and distribute it to all current students and employees of the school. In addition, if you contact a school and ask for admissions information, the school must inform you that its campus security report is available, provide you with a summary of the report, and let you know how you may get a copy. Parents and students can use the Internet to review crime statistics for many colleges, universities, and career schools. These statistics can be found at the Department of Education's Web site at: http://ope.ed.gov/security.
- Talk to high school counselors, local employers, and the state higher education agency. You can also see if any complaints about the school have been filed with the local Better Business Bureau or the consumer protection division of the state attorney general's office. You can search for Better Business Bureau offices at www.bbb.gov. Contact these organizations if you have a complaint about a school.

Find out the school's job placement rates (the percentage of students who are placed in jobs relevant to their courses of study).

- If the school advertises its job placement rates, it must also publish the most recent employment statistics, graduation statistics, and any other information necessary to back up its claims. This information must be available at or before the time you apply for admission to the school. Also, check with local employers to see whether they have hired graduates from the school.

You can find the *Dictionary of Occupational Titles* online at

www.oalj.dol.gov/libdot.htm

You can find the *Occupational Outlook Handbook* online at

stats.bls.gov/ocohome.htm

You're paying for a high-quality education. Make sure you get it.

Find out about the school's refund policy.

- If you enroll but never begin classes, you should get most of your money back. If you begin attending classes but leave before completing your coursework, you may be able to get part of your money back.

Find out about financial aid availability at the school.

- You have the right to receive the following information from the school:
  1. what the location, hours, and counseling procedures are for the school's financial aid office;
  2. what financial assistance is available, including federal, state, local, private, and institutional financial aid programs;
  3. what the procedures and deadlines are for submitting applications for each available financial aid program;
  4. how the school selects financial aid recipients;
  5. how the school determines your financial need;
  6. how the school determines each type and amount of assistance in your financial aid package;
  7. how and when you'll receive your aid;
  8. how the school determines whether you're making satisfactory academic progress, and what happens if you're not (whether you continue to receive federal financial aid depends, in part, on whether you make satisfactory academic progress); and
  9. if you're offered a Federal Work-Study job, what the job is, what hours you must work, what your duties will be, what the pay will be, and how and when you'll be paid.

Find out about the school's return-of-aid policy.

- If you receive federal student aid from any of the programs mentioned in this publication (except for Federal Work-Study), and you withdraw from school, some of that money may have to be returned by you or your school. Also, even if you don't finish your coursework, you'll have to repay the loan funds you received, less any amount your school has returned to your lender.

Find out the school's completion and transfer-out rates.

- A school is required to disclose to current and prospective students the percentage of its students who complete the school's programs and the percentage of students who transfer out of the school.

Get a copy of the school's "equity-in-athletics" report.

- Any coeducational school where you can receive federal student aid and where there's an intercollegiate athletic program must prepare an equity-in-athletics report giving financial and statistical information for men's and women's sports. This information makes students aware of a school's commitment to providing equitable athletic opportunities for its male and female students.

You also might want to compare your expected debt for attending the school to the money you expect to earn once you complete the educational program. If you borrow money to pay for all or a portion of your education, you'll need to earn or have access to enough money to repay your debt. Check the Web or visit the library to learn more about the careers you are interested in pursuing. The U.S. Department of Labor publishes the *Dictionary of Occupational Titles*, which includes a list of career choices and information on typical wages or salaries for many occupations. The Labor Department also publishes the *Occupational Outlook Handbook*, which gives job descriptions, including starting salaries and annual income averages.

Paying Tuition and Other Costs

Regardless of which college or career school you choose, you'll probably need help paying for your tuition, fees, books, and living expenses. You're probably wondering how you're going to pay for these things. As we mentioned, the Department of Education offers a variety of student financial aid programs that can help, if you qualify.

So, how can the U.S. Department of Education help me pay for school?

Federal student aid includes grants, work-study, and loans. You don't have to pay back grants. Work-study allows you to earn money for your education, and loans allow you to borrow money for school. You'll have to repay any money you borrow. See pages 8-12 for more detailed information on the federal student aid programs.

You can learn about state programs by contacting your state department of education, and you can learn about other programs by checking with your high school counselor or the college or career school you plan to attend. You also might want to use a search engine on the Web with a key phrase such as "financial aid," "student aid," or "scholarships." Or, check the reference section of your local library under the same phrases.

What about scholarship search services that contact me?

Many private scholarship search services provide lists of sources of financial assistance for which you may apply. You should be aware that we do not evaluate private scholarship search services. If you decide to use one of these services, you may check its reputation by contacting the Better Business Bureau or a state attorney general's office.

How can I tell these search services aren't scams? Are there any signs I should look for?

Estimates show that families lose millions of dollars to scholarship fraud every year. The College Scholarship Fraud Prevention Act provides protection against fraud in student financial assistance. The Federal Trade Commission (FTC) cautions students to look for these telltale lines:

- "The scholarship is guaranteed or your money back."
- "You can't get this information anywhere else."
- "I just need your credit card or bank account number to hold this scholarship."
- "We'll do all the work."
- "The scholarship will cost some money."
- "You've been selected by a 'national foundation' to receive a scholarship" or "You're a finalist" in a contest you never entered.

Be careful when searching for information on student financial assistance. Make sure information and offers are legitimate. Don't fall prey to fraud.

To file a complaint or for free information call **1-877-FTC-HELP (1-877-382-4357) or visit www.ftc.gov/scholarshipscams**

Applying for Financial Aid

APPLYING FOR FEDERAL student aid is easy; you can even apply before you've been accepted to a school.

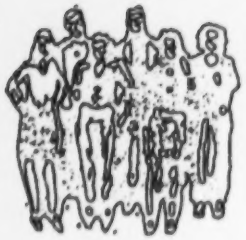
But I hate filling out a bunch of forms.

You don't have to fill out form after form; all you have to do is complete a *Free Application for Federal Student Aid* (FAFSA). You can apply electronically from your home computer or from a computer at a central location like your high school, your local public library, or your local educational opportunity center using *FAFSA on the Web*. If you choose to use a paper FAFSA, just mail it to the address indicated on the application.

FAFSA on the Web is an interactive Web site where you can complete a FAFSA online and submit your data over the Internet. All you need is a computer with access to the Internet. *FAFSA on the Web* can be found at **www.fafsa.ed.gov.**

You might also be able to apply for aid right at the school you plan to attend. Contact the school to find out if you can apply electronically through its financial aid office. If the school has electronic FAFSA capability, you may be able to fill out a paper FAFSA and bring it to the school. The school will then enter your information into a computer and transmit it to us.

For more information on applying electronically, visit **www.ed.gov/studentaid/apply.html.**



You are a dependent student unless

- **you were born before Jan. 1, 1979;**
- **you're married;**
- **you're enrolled in a master's or doctorate program during the school year 2002-2003;**
- **you have children who receive more than half their support from you;**
- **you have dependents (other than your children or spouse) who live with you, who receive more than half their support from you now, and who will continue to receive more than half their support from you through June 30, 2003;**
- **you're an orphan or a ward of the court (or were a ward of the court until age 18); or**
- **you're a veteran of the U.S. Armed Forces.**

So, if I want or need to use a paper form, where can I get one?

You can get a paper FAFSA—in English or Spanish—from your local library or high school, the college or career school you plan to attend, or our Federal Student Aid Information Center:

Federal Student Aid Information Center
PO Box 84
Washington, DC 20044
1-800-4-FED-AID (1-800-433-3243)

The college or career school you plan to attend can give you any other forms you might need. Applying for all our programs is free.

When can I apply?

For 2002-2003, you should apply as soon after January 1, 2002, as possible. Don't transmit your electronic FAFSA or sign, date, or mail your paper FAFSA before January 1, 2002. If you do any of these things, your application will not be processed, and you will have to reapply.

Your eligibility is determined one award year at a time. The results of your 2002-2003 application are good only for the 2002-2003 award year (July 1, 2002 to June 30, 2003, and any summer terms that your school considers part of that award year).

After you've applied for the first time, you might be able to apply more easily and quickly in subsequent award years by completing a Renewal FAFSA. With a Renewal FAFSA, you have to fill out only the information that changed from the previous award year. The Renewal FAFSA is also available at *FAFSA on the Web*.

What should I know before I get started?

You need to get a PIN. You and parents of dependent students (see sidebar) can request one at www.pin.ed.gov (see page 5 for information on PINs). You'll need a valid Social Security Number (SSN) to apply for federal student aid. We use your SSN to verify your information and locate your records. If you don't have a valid SSN your application won't be processed. If you don't have an SSN yet, you should apply for one at your local Social Security office. You can find out more about applying for an SSN at **www.ssa.gov.**

You'll need to know whose financial information to report on the FAFSA: yours and your parents or just yours. That will be determined by your dependency status. Most students who, like you, are entering college or a career school straight from high school are considered dependent students.

If you are dependent, you have to report both your and your parents' financial information on the FAFSA. This information will be considered when your eligibility is determined.

If, however, you meet at least one of the listed criteria, you're independent and report only your financial information (and your spouse's if you're married).

In special or unusual circumstances, a college's or career school's financial aid administrator **might** determine that an otherwise dependent student should be considered independent. (A parent's refusal to provide financial assistance or to provide the required FAFSA information is not a valid reason for such a determination.) Please see the "Eligibility Criteria" section for more on this topic.

If you're dependent and your parents are divorced or separated, you'll need to complete the FAFSA using information about the parent you lived with for the most time during the 12 months preceding the date of application. If you did not live with either parent, or if you lived with each parent an equal number of days, use information about the parent who provided the greater amount of financial support during the 12 months preceding the date of application.

If the parent you receive financial support from was a single parent who is now married, or if the parent you receive support from is divorced or widowed and has remarried, your stepparent's financial information is required on the FAFSA. This does not mean that your stepparent is obligated to give financial assistance to you, but his or her income and assets represent significant information about the family's resources. Including this information on the FAFSA helps us form an accurate picture of your family's total financial strength.

What does the application ask for?

Because the FAFSA asks for your family's financial information, when you complete the 2002-2003 FAFSA or *FAFSA on the Web*, you'll need your parents' 2001 U.S. income tax return if you are a dependent student. If you filed a return, you'll need yours, too. Referring to the tax forms makes it easier to answer the FAFSA questions, which ask for information from specific lines on the U.S. income tax forms. If you have not completed your tax form in time to use it when filling out the FAFSA, you can estimate your answers and then correct them later. Bank statements, W-2 forms, and business or farm records will also be helpful.

Save all of the forms you refer to when completing the FAFSA because you might need them later if your school asks you to show that the information on your FAFSA is correct. If the information is incorrect, you won't get aid until you correct it. It's a good idea to keep a photocopy of your completed FAFSA or a printout of your application from *FAFSA on the Web*.

On *FAFSA on the Web* and the paper FAFSA, you can list as many as six schools you're interested in attending, and those schools will get the results of your application after it's been processed. Each school that participates in our programs has a federal school code. These codes must be listed in Step Six of the application so that each school that interests you can get your information.

You can get federal school codes from a college or career school financial aid office, your high school, or your local public library. *FAFSA on the Web* has built-in, searchable federal school code lists. You can also find a searchable list on our Web site: **www.ed.gov/offices/OSFAP/Students/apply/search.html.**

You aren't required to list any schools on the paper FAFSA, but if you do so, the school you eventually select can deliver your aid faster. If you're using *FAFSA on the Web*, you must list at least one school in Step Six of the application.

What is a PIN?

Because electronic signatures hold the same legal status as written signatures, students and parents of dependent students applying for aid may sign their *FAFSA on the Web* applications by using their PINs, allowing the student aid process to be completed totally online.

If you are a new applicant and you or your parents do not have a PIN be sure to request one at **www.pin.ed.gov** before you complete the FAFSA. You can request a PIN as early as your senior year in high school. If you are a dependent student, your parents' financial information must be reported and they must also electronically sign the FAFSA. So make sure your parents also request one ahead of time.

You will need to supply your name, Social Security Number, date of birth and mailing address, and submit the PIN request. When the submission has been successfully completed, a confirmation number will appear on the screen. If all the information provided is correct and after it's verified with other federal agencies, a PIN will be generated and mailed to you via the U.S. Postal Service. As of January 2002, students and parents will have the option of having their PIN sent by e-mail to them.

If you have questions about the PIN, call **1-800-433-3243.**

How can I find out the status of my application?

Any applicant can check his or her application status by going to the *FAFSA on the Web* site. All filers, electronic and paper, can make corrections to their information on that site as long as they have a PIN. You can request a PIN at **www.pin.ed.gov.**

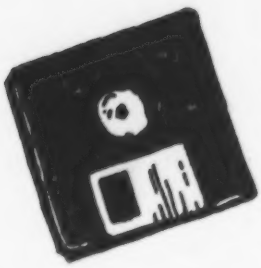
If you file a paper FAFSA, include the postcard that comes with it. We will stamp the postcard with the date we received your FAFSA and mail the postcard back to you. We will process your FAFSA within four weeks of the date you mail it.

What happens after my application is processed?

After your application information is complete and transmitted or mailed to us, you'll receive a Student Aid Report (SAR) or SAR Information Acknowledgement in the mail. Your SAR summarizes the information you reported on your FAFSA. Check the SAR

You can use your PIN to

- **electronically sign your *FAFSA on the Web*;**
- **electronically sign a master promissory note;**
- **make corrections to your application information;**
- **access your SFA Program records online, to check your student loan history through the Department of Education's National Student Loan Data System (NSLDS) and access your loan account through Direct Loan Servicing**
- **access your processed FAFSA data from the Department's Central Processing System, including your SAR;**
- **access your Renewal FAFSA;**
- **have your parents electronically sign the dependent student's FAFSA, Renewal FAFSA and correction forms on the Web.**



Basically, to receive aid from our programs, you must

- **qualify for financial aid (except for certain loans);**
- **have a high school diploma or a General Education Development (GED) certificate, or pass a test approved by the U.S. Department of Education;**
- **be working toward a degree or certificate;**
- **be enrolled in an eligible program;**
- **be a U.S. citizen or eligible noncitizen;**
- **have a valid Social Security Number;**
- **register with the Selective Service if required (you can use the paper or electronic FAFSA to register); and**
- **maintain satisfactory academic progress once in school.**

to make sure the information it contains is accurate.

If you applied using a paper FAFSA, you can fix any mistakes by putting the correct answers on the SAR, signing it, and mailing it back. Your school might be able to process corrections electronically for you, check with your school. Make sure you keep a photocopy of your SAR with the corrections.

If you're able to apply electronically, your FAFSA will be processed in about a week. The processing results will be sent electronically to your school, and you'll get a SAR Information Acknowledgement in the mail.

You can check the information on your SAR Information Acknowledgement, but you cannot use it to make corrections. You should make corrections using *FAFSA on the Web*.

No matter how you apply, the SAR you receive will reflect the information you provided on your FAFSA. If the information you provided is complete your SAR will also have your Expected Family Contribution (EFC).

Using your EFC, your financial aid administrator determines how much federal student aid you can get. As we stated earlier, the schools you listed on your application will also get a report of your FAFSA information.

You can check the status of your application and request a duplicate of your SAR from the Federal Student Aid Information Center by calling **1-800-4-FED-AID (1-800-433-3243).**

Eligibility Criteria

ELIGIBILITY FOR FEDERAL STUDENT AID is determined on the basis of financial need and several other factors. The financial aid administrator at the college or career school you plan to attend will determine your eligibility.

A law suspends aid eligibility for students who have been convicted under federal or state law of the sale or possession of drugs. If you have a conviction or convictions for these offenses, call the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)** to find out if, or how, this law applies to you. Even if you are ineligible for federal aid, you should complete the FAFSA because you may be eligible for nonfederal aid from states and private institutions. If you regain eligibility during the award year, notify your financial aid administrator immediately. If you are convicted of a drug-related offense after you submit the FAFSA, you may lose eligibility for federal student aid, and you may be liable for returning any financial aid you received during a period of ineligibility. Information about this law is available by calling the Information Center at the number included in this paragraph.

If you have a question about your citizenship status, contact the financial aid office at the college or career school you plan to attend.

How will I know what I'm eligible for?

When your FAFSA is processed, a formula is applied to the information you provided. The formula used to calculate your EFC is established by law and is used to measure your family's financial strength on the basis of your family's income and assets. The EFC is used to determine your eligibility for federal student aid.

The formula result is called the Expected Family Contribution or EFC. It indicates how much money you and your family are expected to contribute toward your cost of attendance for the 2002-2003 school year. If your EFC is below a certain number, you'll be eligible for a Federal Pell Grant, assuming you meet all other eligibility requirements.

The amount of your Pell Grant depends on your EFC, your cost of attendance (which the financial aid administrator at your college or career school will figure out), and your enrollment status (full time, three-quarter time, half time, or less than half time).

For our other aid programs, the financial aid administrator at your college or career school takes your cost of attendance and then subtracts your EFC, the amount of a Federal Pell Grant you are eligible for, and aid you will get from other sources. The result is your remaining financial need:

Cost of Attendance

- EFC
- Federal Pell Grant Eligibility
- Aid From Other Sources
- Financial Need

What is cost of attendance?

Your cost of attendance is the sum of

- your actual tuition and fees (or the school's average tuition and fees);
- the cost of room and board (or living expenses for students who do not contract with the school for room and board);
- the cost of books, supplies, and miscellaneous expenses (including a reasonable amount for a personal computer); and
- an allowance for transportation.

Costs unrelated to the completion of a student's course of study are not included in calculating that student's cost of attendance.

Are my family's special circumstances considered in determining how much aid I can receive?

A financial aid administrator can consider special or unusual circumstances. As mentioned on page 4, the financial aid administrator at your college or career school can change your status from dependent to independent if he or she believes there is a good reason to do so. You'll have to provide your college or career school with documentation to justify the change. However, the decision to change or not to change your dependency status is based on the aid administrator's judgment, and it's final. It can't be appealed to the Department of Education.

The financial aid administrator also has the authority to adjust your cost of attendance or some of the information used to calculate your EFC. This kind of change can be made if you have unusual circumstances that affect your family's ability to contribute money to the cost of your education. If your family has any unusual circumstances (for example, high medical expenses or reduced income due to a recent job loss), contact the financial aid administrator at the school you plan to attend. He or she will decide whether an adjustment can be made. That decision cannot be appealed to the Department of Education.

Important Deadlines

You should pay special attention to the many deadlines in the student financial aid application process. Missing a deadline could prevent you from receiving some or all of the aid you are eligible to receive.

What deadlines do I have to meet?

Whether you apply electronically or by mail, we must receive your paper FAFSA or your *FAFSA on the Web* transmission by July 1, 2003, for the 2002-2003 school year. If we do not receive your FAFSA or your transmission by that date, your application will not be processed, and you won't get any federal student aid for the 2002-2003 award year.

Each school sets its own deadlines for students to apply for aid from the campus-based programs (Federal Supplemental Educational Opportunity Grant [FSEOG], Federal Work-Study [FWS], and Federal Perkins Loans) and to apply for the school's own aid. The deadlines are usually much earlier than our July 1, 2003, deadline for filing a FAFSA. Check with the school for these deadlines. Also, states have their own deadlines for applying for state aid. Check with your state agency to find out what deadlines you have to meet. You might miss out on aid from these programs if you don't apply early.

There is also a deadline for your college or career school to receive your SAR. A valid record is complete and needs no corrections. If you do not list the school you plan to attend on your FAFSA, the school will not receive an electronic record. In such a case, there is a school deadline for you to submit a valid paper SAR to the school's financial aid office. Check with your college or career school for information on its deadline.

You may need to go to the financial aid office to certify that all the information on your electronic record is correct or to provide additional information if your school requests it.

Again, check with your school for more information on additional deadlines. If your application is selected for verification, your school might ask you to document that your application information is complete and correct.

Verification? What is that?

Verification is a process we use to make sure that the information applicants report is accurate. This process prevents ineligible students from receiving aid if they report false information, and it ensures that eligible students receive all the aid they are qualified for.

Each year, we select a group of applications for verification. Some of these applications are selected because certain FAFSA information is inconsistent with other information reported on the application; others are chosen at random. Some colleges and career schools also choose applications for verification.

In any case, if your application is selected, you must give your financial aid office certain documentation to show that the application information is correct. The sooner you verify your information, the sooner you'll be able to receive financial aid, if you're eligible. Check with your aid administrator to find out what the deadlines are to submit your documentation.

Federal Pell Grants

A Federal Pell Grant, unlike a loan, does not have to be repaid. Pell Grants are awarded to undergraduate students who have not earned a bachelor's or a professional degree. (In some cases, however, a student enrolled in a post-baccalaureate teacher certification program might receive a Pell Grant.)

How much can I get?

Awards for the 2002-2003 award year (July 1, 2002, to June 30, 2003) will depend on program funding. The maximum award for the 2001-2002 award year was $3,750. The amount you get will depend not only on your financial need, but also on your costs to attend school, your status as a full-time or part-time student, and your plans to attend school for a full academic year or less.

If I'm eligible, how will I get the Pell Grant money?

Your school can apply Pell Grant funds to your school costs, pay you directly (usually by check), or combine these methods. The school must tell you in writing how much your award will be and how and when you'll be paid. Schools must disburse funds at least once per term (semester, trimester, or quarter). Schools that do not use semesters, trimesters, or quarters must disburse funds at least twice per academic year.

Campus-Based Aid Programs

The Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and Federal Perkins Loan programs are called campus-based programs because they're administered directly by the financial aid office at each participating school. Not all schools participate in all three programs.

How much aid you receive from each of these programs depends on your financial need, on the amount of other aid you receive, and on the availability of funds at your college or career school. Unlike the Federal Pell Grant Program, which provides funds to every eligible student, the campus-based programs provide a certain amount of funds for each participating school to administer each year. When the money for a program is gone, no more awards can be made from that program for that year.

Let's start with Federal Supplemental Educational Opportunity Grants.

Federal Supplemental Educational Opportunity Grants (FSEOG) are gift aid for undergraduates with exceptional financial need. Pell Grant recipients with the lowest EFCs will be the first to get FSEOGs, which don't have to be paid back. You can get between $100 and $4,000 a year, depending on when you apply, your financial need, and the funding at the school you're attending. These grants are awarded only to undergraduate students who have not earned a bachelor's or a professional degree.

If you're eligible, your school will credit your account, pay you directly (usually by check), or combine these methods. Your school must pay you at least once per term (semester, trimester, or quarter).

And what is Federal Work-Study?

Federal Work-Study (FWS) provides part-time jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses. The program encourages community service work and work related to the recipient's course of study. Federal Work-Study can help you get valuable experience in your chosen field before you leave school.

Will I be paid the same as I would in any other job?

You'll be paid by the hour. No FWS student may be paid by commission or fee. Your school must pay you directly at least once a month. Wages for the program must equal at least the current federal minimum wage but may be higher, depending on the type of work you do and the skills required. Your total Federal Work-Study award depends on when you apply, your financial need, and the funding level at your school. The amount you earn can't exceed your total FWS award. When assigning work hours, your employer or financial aid administrator will consider your award amount, your class schedule, and your academic progress.

What kinds of jobs are there in Federal Work-Study?

If you work on campus, you'll usually work for your school. If you work off campus, your employer will usually be a private nonprofit organization or a public agency, and the work performed must be in the public interest. Your school may have agreements with private for-profit employers for Federal Work-Study jobs. This type of job must be relevant to your course of study. If you attend a career school, there may be further restrictions on the jobs you can be assigned.

What about Federal Perkins Loans?

A Federal Perkins Loan is a low-interest (5 percent) loan for both undergraduate and graduate students with exceptional financial need. Federal Perkins Loans are made through a school's financial aid office. Your school is your lender, and the loan is made with government funds. You must repay this loan. Your school will either pay you directly (usually by check) or apply your loan to your school charges. You'll receive the loan in at least two payments during the academic year.

How much can I borrow?

You can borrow up to $4,000 for each year of undergraduate study, depending on when you apply, your financial need, and the funding level at the school.

Other than interest, is there a charge for this loan?

No, there are no other charges. However, if you skip a payment, if it's late, or if you make less than a full payment, you may have to pay a late charge plus any collection costs.

So, when do I pay it back?

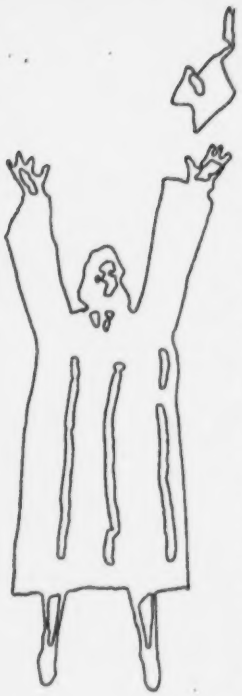
If you're attending school at least half time, you have nine months after you graduate, leave school, or drop below half-time status before you must begin repayment. This is called a "grace period." If you're attending less than half time, check with your college or career school to find out how long your grace period will be. At the end of your grace period, you must begin repaying your loan. You may be allowed as many as 10 years to repay the loan in full. Periods of deferment and forbearance (see the next paragraph for more information on these terms) do not count as part of this 10-year period. Your monthly payment amount will depend on the size of your debt and the length of your repayment period.

What if I have trouble repaying the loan?

Under certain circumstances, you can receive a deferment or forbearance on your loan. During a deferment, no payments are required and interest does not accumulate. During forbearance, your payments are postponed or reduced. Interest continues to accrue, and you are responsible for paying it.

A Perkins Loan can also be canceled under certain circumstances, such as your death or a total and permanent disability. You also might qualify for having your loan canceled because of the type of work you do once you leave school.

If you serve in the military, repayment assistance



(not a cancellation, but another way to repay) may be available. For more information, contact your recruiting officer.

If you have more questions about Perkins Loans, check with the college or career school you plan to attend.

Stafford Loans

Schools generally participate in either the Federal Family Education Loan (FFEL) Program or the William D. Ford Federal Direct Loan (Direct Loan) Program. Under the Direct Loan Program, the funds for your loan come directly from the federal government. Funds for your FFEL will come from a bank, credit union, or other lender that participates in the program.

The terms and conditions of both loans are similar. The amounts you may borrow are the same whether you get a Direct Stafford Loan or a FFEL Stafford Loan. The major differences between the two programs are the source of the loan funds and certain repayment provisions.

How can I get a FFEL or Direct Loan?

For either type of loan, you must fill out a FAFSA. After your FAFSA is processed, your school will review the results and will inform you about your loan eligibility. You will also have to sign a promissory note.

If you have financial need remaining after your EFC, the amount of any Federal Pell Grant funds you're eligible for, and aid from other sources are subtracted from your cost of attendance, you can borrow a FFEL or Direct Loan to cover some or all of that remaining need. This type of loan is a subsidized loan. If you are eligible for a subsidized loan, the government will pay the interest while you're in school, for the first six months after you leave school, and when you qualify to have your payments deferred.

Depending on your financial need, you may borrow subsidized money for an amount up to the annual loan borrowing limit for your year in school. (Annual loan limits are listed on pages 10 and 11.)

You might also be able to borrow loan funds beyond your subsidized loan amount or even if you don't have demonstrated financial need. In that case, you'd receive an unsubsidized loan. Your school will subtract the total amount of your other financial aid from your cost of attendance to determine whether you are eligible for an unsubsidized loan. Unlike a subsidized loan, you are responsible for the interest from the time the unsubsidized loan is disbursed until it is paid in full. You can choose to pay the interest or allow it to accumulate and be capitalized (that is, added to the principal amount of your loan).

You can receive a subsidized loan and an unsubsidized loan for the same enrollment period as long as it does not exceed the annual loan limits.

So, how will I get the loan money?

For both the Direct Loan and FFEL programs, you'll be paid through your school in at least two installments. No installment may exceed one-half of your loan amount. Your loan money must first be applied to pay for tuition and fees, room and board, and other school charges. If loan money remains, you'll receive the funds by check or in cash, unless you give the school written authorization to hold the funds until later in the enrollment period.

If you're a first-year undergraduate student and a first-time borrower, your school generally cannot disburse your first payment until 30 days after the first day of your enrollment period. This practice ensures that you won't have a loan to repay if you don't begin classes or if you withdraw during the first 30 days of classes.

How much can I borrow?

If you're a dependent undergraduate student, each year you can borrow up to

- $2,625 if you're a first-year student enrolled in a program of study that is at least a full academic year;
- $3,500 if you've completed your first year of study and the remainder of your program is at least a full academic year;
- $5,500 if you've completed two years of study and the remainder of your program is at least a full academic year.

If you're an independent undergraduate student or a dependent student whose

parents have applied and were unable to get a PLUS Loan (a parent loan), each year you can borrow up to

- $6,625 if you're a first-year student enrolled in a program of study that is at least a full academic year (at least $4,000 of this amount must be in unsubsidized loans);
- $7,500 if you've completed your first year of study and the remainder of your program is at least a full academic year (at least $4,000 of this amount must be in unsubsidized loans);
- $10,500 if you've completed two years of study and the remainder of your program is at least a full academic year (at least $5,000 of this amount must be in unsubsidized loans).

These amounts are the maximum yearly amounts you can borrow in both subsidized and unsubsidized FFELs or Direct Loans, individually or in combination. Because you can't borrow more than your cost of attendance minus both the amount of any Pell Grant you're eligible for and any other financial aid you'll get, you may receive less than the annual maximum amounts.

What's the interest rate?

The interest rate is variable (adjusted annually) but will never exceed 8.25 percent. You'll be notified any time that the variable rate changes.

When do I pay back the loan?

After you graduate, leave school, or drop below half-time enrollment, you will have a six-month grace period before you begin repayment. During this period, you will receive repayment information, and you'll be notified of your first payment due date. You are responsible for beginning repayment on time, even if you don't receive this information. Payments are usually due monthly.

PLUS Loans (Parent Loans)

PLUS Loans to meet students' education costs are available through both the FFEL Program and the Direct Loan Program. Parents who have an acceptable credit history can borrow a PLUS Loan to pay the education expenses of a child who is a dependent student enrolled at least half time in an eligible program at an eligible school.

How do my parents get a loan?

Your parents fill out a PLUS Loan application, which is available from your school's financial aid office.

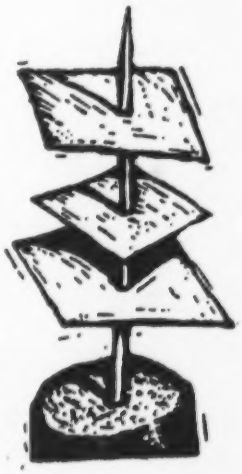
To be eligible to receive a PLUS Loan, your parents generally will be required to pass a credit check. A parent cannot be turned down for having no credit history—only for having an adverse one. If your parents don't pass the credit check, they may still be able to receive a loan if someone, such as a relative or friend who is able to pass the credit check, agrees to endorse the loan. An endorser promises to repay the loan if your parents fail to do so. Your parents may also qualify for a loan without passing the credit check if they can demonstrate that extenuating circumstances exist. You and your parents must also meet other general eligibility requirements for federal student financial aid.

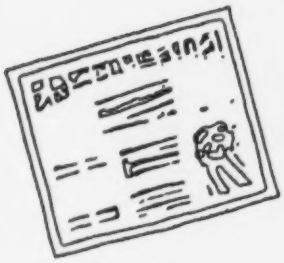
How much can my parents borrow?

The yearly limit on a PLUS Loan is equal to your cost of attendance minus any other financial aid you receive. If your cost of attendance is $6,000, for example, and you receive $4,000 in other financial aid, your parents can borrow up to $2,000.

Who gets my parents' loan money?

Your school will receive the money in at least two installments. No one payment may exceed half the loan amount. Your school might require your parents to endorse a disbursement check and send it back to the school. The school will then apply the money to your tuition and fees, room and board, and other school charges. If any loan money remains, your parents will receive the amount as a check or in cash, unless they authorize that it be released to you. Any remaining loan money must be used for your education expenses.





What's the interest rate?

The interest rate is variable (adjusted annually), but it will never exceed 9 percent. Your parents will be notified of interest rate changes throughout the life of their loan. Interest is charged on the loan from the date of the first disbursement until the loan is paid.

When do my parents begin repaying the loan?

Generally, the first payment is due within 60 days after the final loan disbursement for each year. There is no grace period for these loans. Interest begins to accumulate at the time the first disbursement is made, and your parents will begin repaying both the principal and interest while you're in school.

Stafford and PLUS Loan Questions

Before you or your parents borrow, make sure you understand all of the terms of the loan. The following questions and answers will give you a basic understanding of FFELs and Direct Loans.

Other than interest, is there a charge for these loans?

You or your parents will pay a fee of up to 4 percent deducted proportionately from each disbursement of a loan. A portion of this fee goes to the federal government to help reduce the cost of the loans. Also, if you or your parents don't make loan payments as scheduled, you might be charged late fees and collection costs.

How are the loans repaid?

There are several ways to repay your loan. Your choices are:

- a 10-year plan with a minimum monthly payment of $50;
- a graduated plan with a monthly payment that starts out low and then increases gradually during the repayment period; or
- a plan that bases the monthly payment amount on how much money you make.

Your parents can repay a PLUS Loan using either of the first two plans. Under the Direct Loan Program, you or your parents can also choose a plan with a minimum monthly payment amount of $50 and a repayment period of more than 10 years.

What if someone has trouble repaying?

Under certain circumstances, you can receive a deferment or forbearance on your loan. During a deferment, no payments are required. If you have a subsidized loan, the federal government will pay the interest that accrues during the deferment. If your loan is unsubsidized, you'll be responsible for the interest on the loan during the deferment. Your parents will be responsible for the interest on their PLUS Loan during a deferment. No borrower can receive a deferment if his or her loan is in default (that is, if he or she doesn't repay the loan according to its terms).

During forbearance, payments are postponed or reduced. The government does not pay the interest; you are responsible for paying it on your student loan, and your parents are responsible for paying it on their PLUS Loan.

Neither deferment nor forbearance periods counts as part of the repayment period. For more details on deferments and forbearances, see *The Student Guide*, 2002-2003 which also explains our loan programs and the loan application process in greater detail. You can access the Guide online at **www.ed.gov/prog_info/SFA/StudentGuide.**

You can also get a paper copy of *The Student Guide*, 2002-2003, check with your college or career school or call our Federal Student Aid Information Center **1-800-4-FED-AID (1-800-433-3243).**

A FFEL or Direct Loan (including a PLUS Loan) can be canceled under the following conditions:

- The borrower dies, or the student on whose behalf a parent borrowed dies.
- The borrower becomes totally and permanently disabled.
- The loan is discharged in bankruptcy.
- The student's school closes before the student completes the program.
- The school falsely certifies the loan.

In addition, if a school does not make a required return of loan funds to the lender, a portion of the FFEL or Direct Loan—up to the amount the school was required to return—can be canceled.

Even if you drop out of or don't complete the program of study at the school, don't like the school or the program of study, or don't obtain employment after completing the program of study, these loans must be repaid. No cancellation is available for these reasons.

Repayment assistance (not a cancellation, but another way to repay) may be available if you serve in the military. For more information, contact your recruiting officer.

Contacting Us

Help is always available to you. We have a Web site and student information telephone numbers to help you.

What kind of help is on your Web site?

To find information on federal student aid and to view this and other student aid publications online, visit our Web site: **www.ed.gov/studentaid.**

Help completing the FAFSA is available online, too: **www.ed.gov/prog_info/SFA/FAFSA.**

A list of Federal School Codes that you may need to complete the FAFSA is available at this Web site: **www.ed.gov/offices/OSFAP/Students/apply/search.html.**

What if I have questions and want to speak to someone?

If you need answers right away to questions about federal student aid, call the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243).**

What kind of help can I get by calling the Information Center?

See sidebar at right for information.

Is there a number for hearing-impaired students?

If you're hearing-impaired and have access to a TTY, you may call the following toll-free number at the Information Center for help with any federal student aid questions you have: 1-800-730-8913.

Reducing the Cost of School

There are several ways to reduce the amount that going to a college or career school will cost you so that you can avoid borrowing too much.

Will the government give me a tax break?

You or your parents might qualify for a Hope tax credit or Lifetime Learning tax credit. For more information on these credits, visit www.ed.gov/updates/97918tax.html.

You should also check with your tax professional or the Internal Revenue Service (IRS). IRS Publication 970, *Tax Benefits for Higher Education*, explains these credits and other tax benefits.

You can order the publication free from the IRS at **1-800-tax-form (1-800-829-3676).**

Or you can download the publication from the Web site **www.irs.ustreas.gov.**

What about lower-cost schools?

If you plan on working toward a bachelor's degree, you might want to consider starting out at a two-year community college and then transferring to a four-year school. Community colleges are partially funded by local and state taxes and are therefore usually less expensive than four-year schools. Some four-year schools are also partially funded by local and state taxes and can be less expensive than those that are not funded by taxes.

You can also save money by living at home and commuting to your local community college. You'll want to make sure that the courses you take during your first two years will transfer to the four-year school you want to attend and that they will count toward your bachelor's degree.

The Federal Student Aid Information Center can

- **assist you in completing the FAFSA;**
- **explain federal student aid eligibility requirements;**
- **explain the process of determining financial need and awarding aid;**
- **provide you with Federal school codes you may need when applying;**
- **tell you whether a school participates in the federal student aid programs;**
- **tell you a school's student loan default rate;**
- **send you federal student aid publications;**
- **tell you whether your FAFSA has been processed; and**
- **assist you in obtaining a copy of your SAR.**

What about working or volunteering?

Whether you choose a college or a career school, you can work part time to pay for some of your costs. If you do this, you should make sure that you save enough time for studying and that your work and school schedules do not conflict.

AmeriCorps is a program that allows participants to earn education awards in return for national service. For more information, contact the Corporation for National Service:

Corporation for National Service
1201 New York Avenue, NW
Washington, DC 20525
1-800-94-ACORPS (1-800-942-2677)
www.cns.gov

The U.S. Armed Forces also offer the following educational programs and ways to pay for school or to reduce your school costs:

- You can attend one of the military academies. These are four-year colleges that are tuition free and offer bachelor's degrees and a commission in the military after graduation.
- You can attend a college or career school and enroll in the Reserve Officer Training Corps (ROTC) Program, which will pay your tuition, fees, and books and provide you with a monthly allowance.
- You can join the Armed Forces before you go to a college or career school and take advantage of the Montgomery GI Bill, which provides financial support to those who attend school after serving in the military.
- If you enlist in the U.S. Army, you may be eligible to receive repayment assistance from its Loan Repayment Program. For a four-year enlistment in a selected skill in the active Army, up to $65,000 in repayment assistance may be available. For an enlistment in the Army Reserve, up to $20,000 may be available.
- You can also earn college credit for some military training, possibly reducing the number of classes you'll have to take.
- As an active member of the military, you can take courses at a college or career school during your off-duty hours.

Contact your local military recruiter for more information on these programs.

Taking the Next Step

BEFORE ENROLLING, make appointments to visit the schools you're considering. Bring a list of questions to ask school representatives. Your education is a major investment, so find out as much information as you can before you enroll. Once you're enrolled, it's important that you complete school. Doing so will give you more skills, more job choices, and most likely a higher salary. Also, if you complete your education, it will be easier to pay back any money you borrow. Borrowers who finish school are far less likely to default on their loans than those who don't finish. Defaulting on a student loan has very serious consequences. Among other consequences, defaulting can

- make you ineligible for deferments on your loans;
- make you ineligible for additional student aid;
- damage your credit record; and
- hinder your ability to find a job.

If you work hard and take advantage of the many programs available to help you keep school costs down and pay for school, you will be successful in continuing your education and in pursuing a career.

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State	Telephone No.
Alabama	1-334-242-1998
Alaska	1-800-441-2962
Arizona	1-602-229-2591
Arkansas	1-800-547-8839
California	1-916-526-8047
Colorado	1-303-866-2723
Connecticut	1-860-947-1833
Delaware	1-800-292-7935
District of Columbia	1-202-698-2400
Florida	1-888-827-2004
Georgia	1-800-766-6878
Hawaii	1-808-956-8213
Idaho	1-208-334-2270
Illinois	1-800-899-4722
Indiana	1-317-232-2350
Iowa	1-800-383-4222
Kansas	1-785-296-3421
Kentucky	1-800-928-8926
Louisiana	1-800-259-5626
Maine	1-800-228-3734
Maryland	1-410-260-4565
Massachusetts	1-617-994-6950
Michigan	1-877-323-2287
Minnesota	1-800-657-0866
Mississippi	1-601-432-6997
Missouri	1-800-473-6757
Montana	1-800-537-7508
Nebraska	1-402-471-2847
Nevada	1-702-486-7330
New Hampshire	1-603-271-2555

State	Telephone No.
New Jersey	1-800-792-8670
New Mexico	1-800-279-9777
New York	1-888-697-4372
North Carolina	1-919-549-8614
North Dakota	1-701-328-4114
Ohio	1-888-833-1133
Oklahoma	1-800-858-1840
Oregon	1-800-452-8807
Pennsylvania	1-800-692-7392
Rhode Island	1-800-922-9855
South Carolina	1-803-737-2260
South Dakota	1-605-773-3455
Tennessee	1-615-741-3605
Texas	1-800-242-3062
Utah	1-800-418-8757
Vermont	1-800-642-3177
Virginia	1-804-225-2600
Washington	1-360-753-7800
West Virginia	1-888-825-5707
Wisconsin	1-608-267-2206
Wyoming	1-307-777-7763
American Samoa	1-684-699-1141
Guam	1-671-734-4469
Northern Mariana Islands	1-670-234-6128
Puerto Rico	1-787-724-7100
Republic of the Marshall Islands	1-692-625-3108
Republic of Palau	1-680-488-1003
Virgin Islands	1-340-774-4546

These agencies provide information on state education programs, colleges and universities, student aid assistance programs, grants, scholarships, continuing education programs, career opportunities, and some guaranty agencies. You can search our database at www.ed.gov/Programs/bastmp/SHEA.htm for contact information and Web site addresses or contact the agency at the telephone number.

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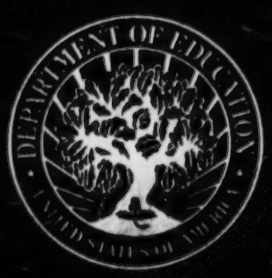

U.S. DEPARTMENT OF EDUCATION

Student Financial Assistance

We Help
Put America
Through School

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